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Executive Office of Energy & Environmental Affairs

Department of Environmental Protection

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Massachusetts CO₂ Trading Program Adjusted Base Budgets for the 2014 Through 2020 Allocation Years.

In response to the requirement contained at 310 CMR 7.705(c)2.e, MassDEP is announcing the Massachusetts CO₂ Budget Trading Program Adjusted Budgets for the 2014 through 2020 allocation years.

Background:

In 2013 MassDEP revised its CO₂ Budget Trading Program regulations at 310 CMR 7.70. These regulations implement the Regional Greenhouse Gas Initiative (RGGI) in the Commonwealth. Those revisions included language to address the private bank of allowances through two distinct interim budget adjustments.

310 CMR 7.705(c)2.e states:

After making the determinations in 310 CMR 7.70(5)(c)2.c. and d.[the determinations of the MA CO₂ Budget Trading Program Adjusted Budgets for the allocation years 2014 and 2015 – 2020] , the Department or its agent will publish the CO₂ trading program adjusted base budgets for the 2014 through 2020 allocation years.

Adjusted Base Budgets:

- **The First Control Period Interim Adjustment for Banked Allowances (FCPIABA)** is a reduction to the CO₂ allowance base budget equivalent to the private bank of first control period allowances (allocation year 2009, 2010, & 2011).
- **The Second Control Period Interim Adjustment for Banked Allowances (SCPIABA)** is a reduction to the CO₂ allowance base budget equivalent to the private bank of 2012 and 2013 allocation year CO₂ allowances that are in addition to the total quantity of 2012 and 2013 CO₂ emissions.

This information is available in alternate format. Call Michelle Waters-Ekanem, Diversity Director, at 617-292-5751. TDD# 1-866-539-7622 or 1-617-574-6868

MassDEP Website: www.mass.gov/dep

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The adjustments to account for the private bank of allowances are intended to spread the adjustment over a period of years such that the banked allowances would be consumed by 2020, assuming future emissions follow the trajectory projected by the electric system modeling. As such, the adjustments will be made over a seven year period to provide market participants with ample notice of the intent to adjust for these allowances, while realigning the long term supply of allowances with the projected emission quantities for that period.

These adjustments are first calculated on RGGI regional basis. The adjustments are then applied in each of the RGGI participating states in a proportion equal to that state's portion of the regional budget. Massachusetts portion of the regional budget is approximately 16.14 percent.

The First Control Period Interim Adjustment for Banked Allowances Announcement (at the regional level) can be found at:

<http://rggi.org/docs/FCPIABA.pdf>

The Second Control Period Interim Adjustment for Banked Allowances Announcement (at the regional level) can be found at:

<http://rggi.org/docs/SCPIABA.pdf>

The table below summarizes the Massachusetts Base Budgets, the Massachusetts portion of the FCPIABA, the Massachusetts portion of the SCPIABA, and the resulting Massachusetts Adjusted Budgets for each of years 2014-2020.

The table below shows:

- The MA CO₂ Trading Program Base Budgets
 - The CO₂ trading program adjusted base budgets for the allocation years 2014 through 2020 are specified at 310 CMR 7.70 5 (a) 1 through 7.
- The MA portion of the First Control Period Adjustment for Banked Allowances
 - The FCPIABA is made over the 7 year period 2014-2020. The formula for the calculation of the Massachusetts portion of the FCPIABA is provided at 310 CMR 7.70 5 (c) 2. a.
- The MA portion of the Second Control Period Adjustment for Banked Allowances
 - The SCPIABA is made over the 6 year period 2015-2020. The formula for the calculation of the Massachusetts portion of the FCPIABA is provided at 310 CMR 7.70 5 (c) 2. b.
- The Massachusetts CO₂ Budget Trading Program Adjusted Budgets

- The MA CO₂ Budget Trading Program Adjusted Budgets for the years 2014 through 2020 are determined by subtracting the MA portion of the FCPIABA and the MA portion of the SCPIAPA from the MA CO₂ Trading Program Base Budgets.
- The FCPIABA is used to calculate the MA CO₂ Budget Trading Program Adjusted Budget for 2014. The formula for the calculation of the MA CO₂ Budget Trading Program Adjusted Budget for 2014 is provided at 310 CMR 7.70 5 (c) 2. c.
- The FCPIABA and SCPIABA are used to calculate the MA CO₂ Budget Trading Program Adjusted Budgets for 2015 through 2020. The formula for the calculation of the MA CO₂ Budget Trading Program Adjusted Budgets for 2015 through 2020 is provided at 310 CMR 7.70 5 (c) 2. d.

Year	2014	2015	2016	2017	2018	2019	2020
Base Budget	14,487,106	14,124,929	13,771,805	13,612,882	13,272,560	12,940,746	12,617,227
FCPIABA	1,324,595	1,324,595	1,324,595	1,324,595	1,324,595	1,324,595	1,324,595
SCPIABA		2,208,353	2,208,353	2,208,353	2,208,353	2,208,353	2,208,353
Adjusted Budget	13,162,511	10,591,981	10,238,857	10,079,934	9,739,612	9,407,798	9,084,279